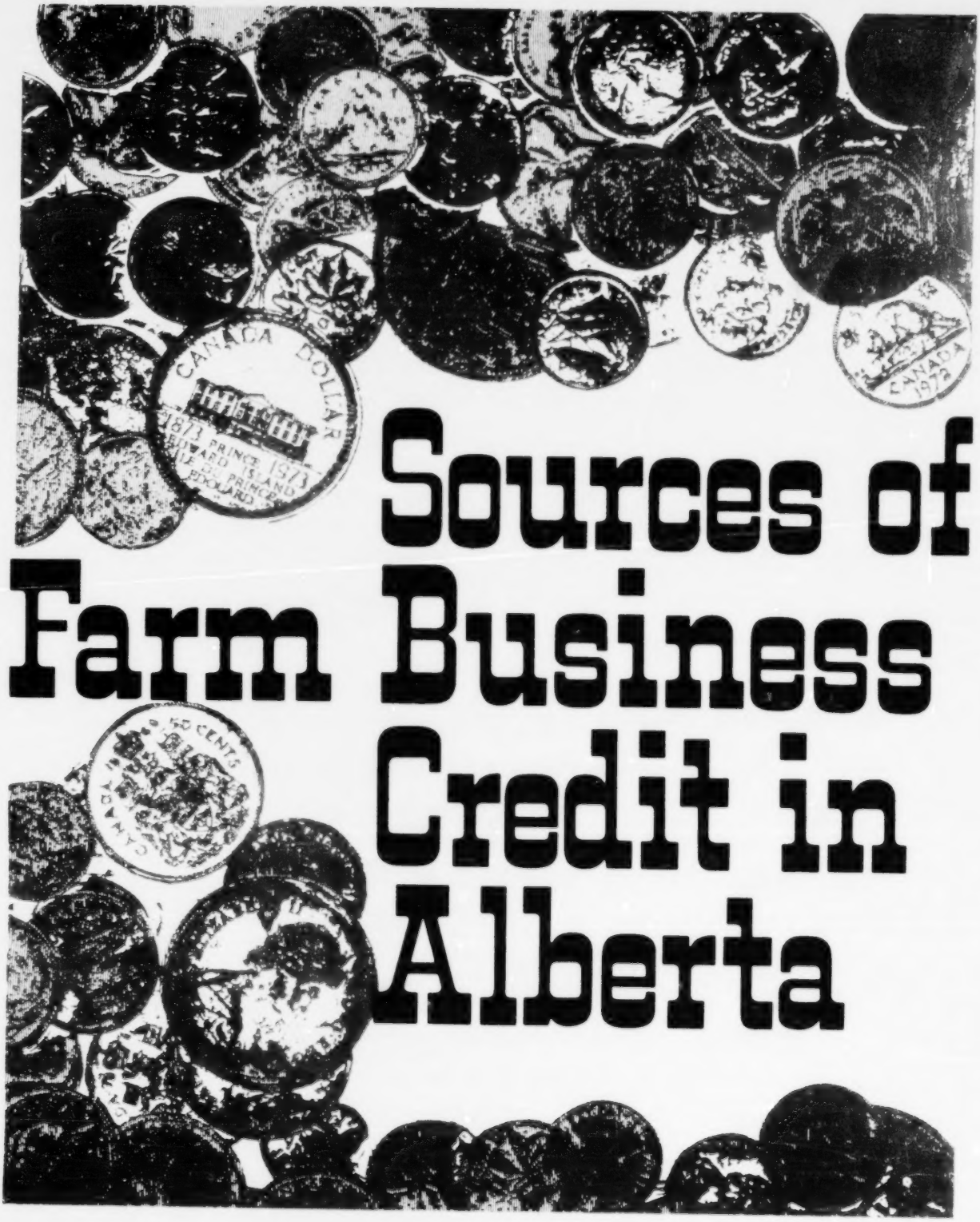

Sources of Farm Business Credit in Alberta

Alberta
AGRICULTURE

Agdex 832

88-02040/

Copies of this publication may be obtained from:

Print Media Branch
Alberta Agriculture
7000 - 113 Street
Edmonton, Alberta, T6H 5T6
or
Alberta Agriculture's district offices

Revised 1988 01 6M

Preface

This publication provides a listing of sources of credit available to Alberta farmers plus a brief description of each source. The purpose of the publication is to provide information to enable you to obtain an overview of Alberta credit sources. It is not intended that you rely upon this material for any other purposes. Every effort has been made to ensure accuracy as of January, 1988. Because of rapid changes taking place with respect to new programs, eligibility criteria and interest rates, interested individuals should contact the agencies involved to further investigate each credit source and obtain current, detailed information.

Requests have been received for information on agencies and individuals able to provide assistance to farmers who want to analyze and evaluate the benefits of change in their production plans and in the financial structure of their business. In response to this request, a listing of the agencies providing financial management services is provided at the back of the publication.

This publication is updated on a regular basis, and any ideas with respect to its content will be gratefully received.

Material for this revised publication was assembled by Karilynn Klug under the direction of Doug Barlund, Financial Management Section, Farm Business Management Branch, Alberta Agriculture.

J. Wilson Loree, P. Ag.
Head
Farm Business Management Branch
Alberta Agriculture
Olds, Alberta

January, 1988

TABLE OF CONTENTS

INTRODUCTION

Page

RULES FOR SOUND USE OF CREDIT..... 1
DEALING WITH YOUR CREDITORS..... 2

LOAN PROGRAMS

ALBERTA AGRICULTURAL DEVELOPMENT CORPORATION

DIRECT FARM LOANS
Beginning Farmer Loan Program..... 3
Developing Farmer Program..... 5
Disaster Assistance Loan Program..... 6
FARM LOAN GUARANTEE PROGRAMS
Specific Guarantee Loans..... 7
Alberta Farm Development Loans (A.F.D.L.)..... 7
Guaranteed Loan Incentive Programs
Range and Soil Improvement Program..... 8
Sheep Producers' Incentive Program..... 9
Vegetable and Potato Storage Program..... 10
Farm Development Guarantee Program..... 11
AGRIBUSINESS LOAN PROGRAM..... 12
DISTRICT AND REGIONAL OFFICE LOCATIONS..... 13

FARM CREDIT CORPORATION

FARM CREDIT..... 14
FARM CREDIT - SHARED RISK MORTAGE..... 14
FARM SYNDICATE LOANS..... 15
COMMODITY-BASED LOANS..... 15

FEDERAL BUSINESS DEVELOPMENT BANK..... 17

CANADIAN WHEAT BOARD

ADVANCE PAYMENTS FOR THRESHED GRAIN..... 17
EMERGENCY ADVANCE PAYMENTS FOR DRYING DAMP OR TOUGH GRAIN.... 18
EMERGENCY ADVANCE PAYMENTS FOR UNTHRESHED GRAIN..... 19

FARM IMPROVEMENT LOAN..... 19

ALBERTA FARM CREDIT STABILITY PROGRAM..... 20

CHARTERED BANKS, TREASURY BRANCHES AND CREDIT UNIONS

SHORT TERM AND INTERMEDIATE TERM FINANCING..... 22
LONG TERM FINANCING
Bank of Alberta..... 22
Bank of British Columbia..... 23
Bank of Montreal..... 23
Bank of Nova Scotia..... 24
Canadian Imperial Bank of Commerce..... 25
Credit Unions..... 25
The Royal Bank of Canada..... 26
Toronto Dominion Bank..... 26
Treasury Branches..... 27
Irrigation Development Loan..... 28
FEEDER ASSOCIATION GUARANTEED LOAN..... 29
OTHER SOURCES OF CREDIT..... 29

AGRICULTRAL FINANCIAL MANAGEMENT SERVICES

ALBERTA AGRICULTURE..... 30

ALBERTA AGRICULTURAL DEVELOPEMENT CORPORATION..... 32

BANK AGROLOGISTS..... 33

FARM CREDIT CORPORATION..... 34

PRIVATE AGRICULTURAL CONSULTANTS..... 35

COMPARISON CHART OF LONG TERM FINANCING AVAILABLE TO ALBERTA FARMERS..... 36

Rules For Sound Use Of Credit

The amount of investment in land, buildings, equipment, livestock and operating capital required for the profitable operation of a modern farm business has become substantial and it has thus become virtually impossible for most farmers to accumulate sufficient savings to purchase the assets required. Consequently, borrowing money has become a necessary means of acquiring farm capital.

Rules for the sound use of credit can be categorized under the three R's of credit-- risk, returns, and repayment.

RISK

- Limit borrowing for enterprises that you do not fully understand. Experiment on a small scale before expanding through the use of borrowed funds.
- Keep debts in line with your capital investment. Check the relationship of total assets to total liabilities and watch the distribution of current or short-term assets and liabilities in order to maintain a strong liquid position.
- Maintain adequate insurance coverage to reduce risk and protect the farm business.
- Keep debts as low as possible without reducing your efficiency. To reduce risks use loans for purposes that will bring the largest return per dollar invested in the shortest time.

RETURNS

- Borrow primarily for purposes that will increase net income.
- Study farm price trends. Estimate your ability to repay loans on a realistic and conservative basis over the term of the loan.
- Keep debts in line with probable income. If possible, maintain reserve repayment capacity to meet emergencies. Income received from productive assets purchased by a loan should be applied on a regular basis against the loan.
- Maintain good records so that you have the factual information needed for making sound management decisions, and for monitoring changes in your financial position.
- When borrowing for depreciable assets, schedule the repayment term of the loan to coincide with the expected life of the asset.

REPAYMENT

- Develop a definite repayment program that fits your cash flow.
- Don't use too many credit sources. As your record of repayment grows, the more willing these lenders will be to service your credit needs.
- Evaluate your total credit requirements; avoid borrowing on a "piecemeal" basis and plan to arrange financing before you actually need the funds.

Dealing With Your Creditors

Arranging credit is not a great deal different from arranging any other type of service. You want to get the most suitable, reasonable deal available.

Some points to consider when arranging credit are:

- Shop around for credit. Select a dependable lender who is willing and able to provide good terms and sound financial advice.

- Be businesslike, frank, and fair with the lender. Meet loan payments promptly. Whenever you are unable to do so, discuss your situation as far in advance of the due date as possible. Explain what you are able to do and outline how you plan to bring your account up to date.

- Prepare the necessary background information to support your loan application such as balance sheet, past and projected income statements and cash-flow budget. Most lending institutions offer information and assistance in preparing these types of documents. Detailed assistance is also provided in Alberta Agriculture's Farm Financial Fitness package available at district offices.

- Before making any changes to your farm business, whether it is developing a new enterprise or expanding an existing one, you must ask yourself, "Will it pay?" By completing a thorough analysis of the change (including partial budget and cash flow), you will know in your own mind if the change is worth it, before approaching your lender. Assistance in budgeting is also available from your district agriculturist using the Farm Planning Worksheet package.

DIRECT FARM LOANS

BEGINNING FARMER LOAN PROGRAM

This loan program was designed to assist individuals in establishing farms on an owned-land base.

PURPOSE - Financing may be used for land, permanent improvements (including houses and mobile homes), breeding livestock, equipment, machinery, financial restructuring and/or debt consolidation (cannot encompass 100 per cent of loan purpose), purchasing shares in a farm company or making shareholders loans to a farm company. Refinancing operating capital is eligible only when repayment from other sources of financing is not possible.

NOTE - An individual who wishes to apply for a beginning farmer loan is not required to approach other lenders before applying to the Agricultural Development Corporation (ADC).

AMOUNT OF LOAN - Maximum loan is $200,000 per farm family or $600,000 per farm partnership or company, based on $200,000 per active farm family.

TERMS - Loans may be amortized for periods of up to 30 years. Amortization periods for purposes other than land purchases are usually shorter. Loans may be paid out at any time without notice, bonus or penalty.

INTEREST RATES - Contact your nearest ADC loans officer for current ADC interest rates.

INCENTIVES - To be eligible to receive incentives during the first five-year term of the loan, the borrower must:

- continue farming, and cannot rent out the farm or have it custom farmed
- comply with specific loan conditions which indicate that the incentive will be lost if the condition is not met
- not have demonstrated gross financial or cultural mismanagement in the opinion of ADC
- not have been subject to legal action initiated by ADC
- not sell or dispose of any property, without ADC's consent, that in ADC's opinion forms a substantial part of the borrower's capital assets.
- have maintained Alberta residency
- have complied with the loan program as authorized or amended.

The incentive is calculated at three per cent of the outstanding principal balance and is credited to the account on loan payment dates. For a Stage II or III loans, the incentive rate in effect at the time of the Stage II or III approval will apply.

STAGED OPTION - Applicants may choose to phase into the Beginning Farmer Loan Program in three stages.

In the Staged Option, the total of the loans may not exceed $200,000 or the amount the applicant is initially eligible to receive. The maximum amount is established at the time of Stage I approval, taking into account the total assets of the applicant and the loan limit in effect at the time. This maximum amount may be reduced by the outstanding amount of any Alberta Farm Credit Stability loans obtained after Staged Loan eligibility has been determined. To qualify for Stage II or III loans, the Stage II or III applicant must meet normal security and repayment requirements.

Stage II and Stage III funds are advanced at the preferred farm lending rate in effect at the time of Stage II or III approval. Applications for Stage II or III loans must be received within six years of the Stage I loan approval date.

Under this option, the applicant must show the Corporation a development plan describing the use of the two further stages and how they will aid in the development of a viable farm unit.

AVAILABLE TO

- An applicant who is acquiring or already owns land or is or will be leasing Crown land which will lead to title.
- An applicant who has not previously operated a viable farm with an owned land base.
- An applicant who is living in Alberta and has lived in Alberta for a continuous period of at least one year during the three years immediately preceding the date of application.
- An applicant who has proforma assets (defined as the assets owned after completion of loan program) of less than $350,000. The assets of both the applicant and spouse are included in this total. Net worth after loan program cannot exceed $175,000.
- An applicant who has an investment to a minimum level of 20% equity of the proforma assets. This equity must be in the form of cash or net worth in productive assets.
- An applicant who on initial application has not previously received a beginning farmer loan.
- An applicant who can demonstrate that full-time farming as defined by ADC will be the occupation of the borrower within a reasonable period of time. Working for another farmer is not considered as off-farm employment by ADC. A borrower's spouse may have full-time, off-farm employment.
- An applicant who has a minimum of two years of valid and verifiable practical farming experience or an equivalent. Experience must be obtained prior to application and must be relevant to the type of operation proposed.
- An applicant who after completion of the loan program, will not have more than $200,000 outstanding in total per farm family under ADC direct loans and the Alberta Farm Credit Stability Program. For companies and partnerships, this amount will not exceed $600,000 based on $200,000 per farm family.

OTHER CONDITIONS - A borrower will be required to:

- supply all financial and production information to ADC, when requested, on an annual basis, in the Beginning Farmer Year End Package
- establish and maintain records in a method acceptable to ADC
- maintain a commitment to full-time farming.

APPLY TO - Alberta Agricultural Development Corporation District Loans Office
- see page 14.

DEVELOPING FARMER PROGRAM

This loan program was designed to assist primary producers in the development or maintenance of viable farms.

PURPOSE - Loans may be made for purchasing farmland; making permanent improvements (land improvements, constructing, altering, repairing or extending buildings or houses); purchasing mobile homes; financial restructuring; debt consolidation; purchasing shares in a farm company or making a shareholders loan to a farm company, and purchasing irrigation equipment.

AMOUNT OF LOAN - Maximum loan is $200,000 per farm family or $600,000 per farm partnership or company, based on $200,000 per active farm family.

TERMS - Loans may be amortized for periods up to 30 years. Loans primarily for debt consolidation will be amortized over 20 years or less and will require at least semi-annual payments. Loans for irrigation equipment will be amortized over 15 years or less. A loan may be paid out at any time without notice, bonus or penalty.

INTEREST RATES - Contact your nearest ADC Loans Officer for current ADC interest rates.

AVAILABLE TO

- An individual who is acquiring or already owns land, or is or will be leasing Crown land which will lead to title.
- An individual who is living in Alberta and has lived in Alberta for a continuous period of at least one year during the three years immediately preceding the date of application.
- An individual who has proforma assets (defined as the assets owned after completion of loan program) of less than $500,000. The assets of both the applicant and spouse are included in the total. Net worth after loan program cannot exceed $250,000.
- An individual who makes a commitment to full-time farming as defined by ADC. Working for another farmer is not considered as off-farm employment by ADC. A borrower's spouse may have full-time off-farm employment.
- An individual who shows that alternate financing is not available or is not available at reasonable terms.
- An individual who after completion of the loan program, will not have more than $200,000 outstanding in total per farm family under ADC direct loans and the Alberta Farm Credit Stability Program. For companies and partnerships, this amount will not exceed $600,000 based on $200,000 per farm family.

APPLY TO - Alberta Agricultural Development Corporation District Loans Office - see page 14.

DISASTER ASSISTANCE LOAN PROGRAM

PURPOSE - The intent of this program is to assist primary producers who have suffered an agricultural disaster in maintaining or regaining reasonable viability. Where the loss of an asset is not covered by adequate insurance or other compensation, the Agricultural Development Corporation may provide assistance under this program.

An agricultural disaster is defined as, "an occurrence to a farm operation that is beyond the control of management and that jeopardizes the viability of the farming operation".

Loans may be used to:

- repair or replace buildings or other permanent improvements
- replace livestock
- consolidate debts resulting from the financial loss associated with an agricultural disaster
- provide interim financing until compensation for losses associated with an agricultural disaster are received from an insurance company, or a third party that may be legally responsible for a portion of the loss.
- assist in situations considered by ADC to be directly related to an agricultural disaster.

NOTE - A condition of the loan requires that any compensation received will be used to repay the loan.

AMOUNT OF LOAN - Assistance offered through guaranteed loans will not be limited to any amount. Direct loans may be made to a maximum of $200,000. Loans already outstanding to ADC will not affect this loan limit.

TERMS - Since assistance may take the form of a guarantee of borrowings from other financial institutions or direct loans under ADC's regular loan program. The Corporation will look at each case individually. Funding under this program will be over the length of time necessary to regain or maintain reasonable viability, not necessarily up to the maximum period available under other ADC programs.

A loan may be paid out at any time without notice, bonus or penalty.

OTHER CONDITIONS - As a rule the program does not cover:
- losses due to market collapse
- losses which can be covered by crop insurance
- crop losses due to weather conditions
- financial distress resulting from the break-up of a partnership or marital union
- losses for which farmers customarily purchase insurance.

AVAILABLE TO - Farmers who have suffered an agricultural disaster as described above. Applications are assessed on need and the Corporation acts of lender as a last resort.

APPLY TO - Alberta Agricultural Development Corporation district loans officer - see page 14.

FARM LOAN GUARANTEE PROGRAMS

The loan guarantee programs were designed by the Agricultural Development Corporation to help develop and maintain viable family farms. These programs are designed to complement the programs offered through other lenders.

SPECIFIC GUARANTEE LOANS

PURPOSE - This program is designed to assist primary producers to develop or maintain viable farms by providing 100 per cent guarantees of financing obtained from another lender.
Funds may be used for the purchase of any agricultural assets, operating capital or debt consolidation.

AMOUNT OF LOAN - There is no limit on the amount of the loan that can be guaranteed.

TERMS - The length of loan is based on the purpose of the loan (short life expectancy assets over shorter terms).
- Repayment installments must be made at least annually.
- Blended payments of principal and interest will apply for fixed interest loans; however, the amortization period must not exceed the maximum repayment terms stipulated.
- Operating loans are made for one-year terms.
- A loan may be paid out at any time without notice, bonus or penalty.

INTEREST RATES

- for repayment periods of ten years or less, the maximum rate charged may be up to a lender's prime rate plus 1%
- for loans exceeding ten years, the maximum charge may be up to 1.5% over prime
- guarantees may be given on fixed interest rate loans.

ALBERTA FARM DEVELOPMENT LOANS (A.F.D.L.)

To assist primary producers in obtaining quick access to reasonable cost, short and intermediate term financing. This is accomplished by ADC providing banks, credit unions and the Alberta Treasury Branch with a blanket guarantee of the lending. The lender providing the financing determines whether or not the loan will be made.

PURPOSE - Loans may be used for purchase of farm land; funds for operating capital; constructing, altering, repairing or extending buildings on farmland owned or being purchased by the borrower (including the purchase of mobile homes and other homes); permanent improvements designed to increase productive value of farm lands; purchase of farm equipment or stock; milk quota; major repairs or overhaul. It may also be used for refinancing the principal balance outstanding on interest-free loans granted by manufacturers for the purchase of agricultural implements and equipment where the interest-free period has not expired. Loans may also be used for consolidating farm-related trade accounts payable.

AMOUNT OF LOAN - Loans up to a total of $100,000 may be made to an individual, partnership or company.

TERMS - The length of the loan is based on the purpose of the loan. Repayment installments must be at least annual. At the option of the lender, payments may be scheduled more frequently. Loans for consolidating farm-related trade accounts may be made with repayment terms of up to 10 years, depending on security available. Blended payments of principal and interest will apply for fixed interest loans; however, the amortization period must not exceed the maximum repayment terms stipulated. Repayment of principal may be deferred for a period of up to two years from the date of loan approval, for loans made for the purposes of purchasing cattle for breeding, and/or to permit existing heifers to be retained for breeding. Operating loans are made for one-year terms. A loan may be paid out at any time without notice, bonus or penalty.

Interest Rates

- For repayment periods of ten years or less, the maximum rate charged will be the lender's prime rate plus one per cent.
- For loan terms exceeding ten years, up to 1.5% over prime may be charged.
- Fixed interest rates which are negotiated between the lender and the borrower are available for all-loan purposes.

AVAILABLE TO - Farmers or farming partnerships or companies who are, or intend to be, primary producers of agricultural products in Alberta.

APPLY TO - The applicant should apply to the lender of his choice. All major banks, Treasury Branches and credit unions have access to the program.

GUARANTEED LOAN INCENTIVE PROGRAMS

Alberta farmers have an opportunity to take advantage of a variety of incentive programs offered through the Agricultural Development Corporation. The incentive programs are designed to improve net farm income by promoting increased efficiency and productivity.

Range and Soil Improvement Program

PURPOSE - To increase farm and ranch income by assisting and promoting land improvement and development measures that will increase land productivity. Eligible projects include:

- brushing and/or breaking previously uncultivated land for agricultural purposes
- seeding pasture and haylands to suitable tame species on soils with adequate potential
- purchase and application of agricultural lime or marl to reduce soil acidity (a lime requirement soil test is a prerequisite for this purpose)
- deep plowing (18 to 24") of solonetzic soils (prior inspection and approval by Alberta Agriculture soil specialist is required)
- brush control through mechanical or biological means
- fence construction to facilitate grazing rotations and grazing utilization or to facilitate the use of additional areas by grazing animals
- trails to improve animal access (in bush covered areas)
- poisonous plant control and range weed control

- Drainage where necessary to develop small depressional areas (Approval in writing by Alberta Environment may be required)
- land levelling to facilitate irrigation (this does not include any costs involved with relocating irrigation ditches)
- dugout construction to facilitate summer water supply on pasture (less than 2500 cubic yards in size and will not qualify for assistance under the P.F.R.A. program).

AMOUNT OF LOAN - As per A.F.D.L. For each individual farm or ranch, a maximum loan of $10,000 is eligible for an incentive. Partnerships and corporations are eligible for incentives on $10,000 for the first family, plus $5,000 for each additional family, to a maximum of $20,000. All families must be actively involved in the farming or ranching operation.

The amount of incentive will be determined from the original loan amount eligible and will be the lesser of:
- 7% or
- one-half the aggregate of 1% and the average ADC prime* rate as determined on the first day of every month during the period of one year in respect of which the incentive is payable.

Incentives will be paid annually for five years and total incentives paid cannot exceed the actual total interest paid by the applicant.

TERMS - as per the A.F.D.L.

Guarantees can be provided on loans with repayment periods of up to 15 years, depending on the loan purpose and security held.

OTHER CONDITIONS - The applicant must request payment of his incentive annually after a complete installment of principal and interest has been paid. This request must be received by ADC every year the incentive is payable, within six months of the loan's anniversary date. The borrower must request that the lender complete a lender's report, and request that the district agriculturist inspect the project every year the incentive is payable and within six months of the loan anniversary date.

AVAILABLE TO - Alberta farmers and ranchers who own land or lease Crown land leading to title.

APPLY TO - Contact your nearest district agriculturist to determine if your project is eligible for the incentive, at which time an application will be completed. Funding for the project must then be obtained through a lender of your choice under the A.F.D.L. guarantee.

Sheep Producers' Incentive Program

PURPOSE - To improve the productivity and viability of the sheep industry in Alberta by making financing available with special terms and conditions.
Loan funds may be used for purchasing or modifying specialized equipment required for sheep production; construction, alteration or repair of buildings used in sheep production (including feedlot facilities); construction, alteration or repair of electric page-wire, wooden or barbed wire fences and corrals; purchase of breeding stock, or other purposes approved by ADC.

AMOUNT OF LOAN - As per A.F.D.L. maximum loan eligible for incentive is $40,000.
The amount of incentive will be determined from the original loan amount eligible and will be the lesser of:

- 7 % or
- one-half the aggregate of 1% and the average ADC prime* rate as determined on the 1st day of every month during the period of one year in respect of which the incentive is payable.

Incentives will be paid annually for five years and total incentives paid cannot exceed the actual total interest paid by the applicant.

TERMS - As per the A.F.D.L. Guarantees can be provided on loans with repayment periods of up to 15 years, depending on the loan purpose and security held.

OTHER CONDITIONS - Applicants may be required to participate in a study course in sheep production, accept counselling or provide an annual farm production plan. The request for incentive must be submitted annually by the applicant, after a complete installment of principal and interest has been paid. This request must be received by ADC within six months of the loan's anniversary date. The borrower must request the lender to complete a lenders report and request the ADC loans officer to inspect the project every year the incentive is payable and within six months of the loan's anniversary date.

AVAILABLE TO - Potential or established sheep producers in Alberta who are the owners or operators of a farming or ranching enterprise.

APPLY TO - Contact your nearest ADC loans officer to determine if your project is eligible for the incentive, at which time an application will be completed. Funding for the project must then be obtained through a lender of your choice under the A.F.D.L. guarantee.

Vegetable and Potato Storage Program

PURPOSE - To improve the productivity and viability of the vegetable industry in Alberta. Loan funds may be used for constructing, modifying or improving new or existing potato and vegetable storage facilities (including ventilation, humidification and refrigeration equipment); improving product handling capabilities in and out of storage (installation of cement floors or cooling rooms); and purchasing equipment (bin loading and unloading equipment, washing, waxing, grading and handling equipment). Motorized mobile equipment is excluded.

AMOUNT OF LOAN - As per A.F.D.L. The maximum loan amount eligible for incentive is $100,000.

* ADC prime is equivalent to the prime rate in effect at a Canadian chartered bank.

The amount of incentive will be determined from the original loan amount eligible and will be the lesser of:

- 7% or
- one-half the aggregate of 1% and the average ADC prime* rate as determined on the first day of every month during the period of one year in respect of which the incentive is payable.

Incentives will be paid annually for five years and total incentives paid cannot exceed the actual total interest paid by the applicant.

TERMS - As per A.F.D.L. Guarantees can be provided on loans with repayment periods of up to 15 years, depending on the loan purpose and security held.

OTHER CONDITIONS - Approved applicants must request payment on the incentive annually, after complete installment of principal and interest has been paid. This request must be received by ADC every year; the incentive is payable within six months from the loan's anniversary date. The borrower must request the lender to complete a lender's report, and request the ADC Loans officer to inspect the project each year the incentive is payable and within six months of the anniversary date of the loan.

AVAILABLE TO - Potato growers who are licensed by the Alberta Potato Commission and vegetable growers who are members of the Alberta Fresh Vegetable Marketing Board.

APPLY TO - Contact your nearest ADC loans officer to determine if your project is eligible for the incentive, at which time an application will be completed. Funding to complete the project must then be obtained through a lender of your choice under the A.F.D.L. guarantee.

FARM DEVELOPMENT GUARANTEE PROGRAM

PURPOSE - This program is designed to assist farmers in obtaining adequate operating capital to allow them to continue with operations.

TERMS - Special assistance operating loan guarantees of up to $ 100,000 of new operating loan advances are provided to farmers who develop a workout plan and who cannot obtain financing elsewhere.

- Loan guarantees under this program will be issued for up to one year with a possible one year renewal during the first two years of the program.
- Loan guarantees will bear interest at the lenders' prime interest rate.
- Applicants have to put together a workout plan acceptable to ADC that shows the farming operation has a reasonable chance to succeed.
- Applicants must be prepared to accept counselling and demonstrate a willingness to make changes in management practices if required.
- The ADC Farm Development Guarantee Program will apply only to new operating loan advances and cannot be used to replace or reduce financing by banks and other commercial lenders.
- Applications will be accepted until December 31, 1987.

*ADC prime is equivalent to the prime rate in effect at a Canadian chartered bank.

AVAILABLE TO - Farmers whose net worth does not exceed $500,000 and whose equity in the operation does not exceed 50% of the value of the assets.

APPLY TO - Alberta Agricultural Development Corporation district loans officer

AGRIBUSINESS LOAN PROGRAM

PURPOSE - The objectives of this program are to assist new and existing agribusinesses increase the processing of agricultural products in Alberta, to provide necessary services to primary producers and to expand the economic base of rural centers.

Loans are available to agricultural businesses for buildings, land, equipment and permanent improvements.

Loans for operating funds and financial restructuring will normally be guaranteed loans.

AMOUNT OF LOAN - Loan amounts will be established according to the loan purposes and business' ability to repay.

Applicants are expected to contribute adequate equity.

Initially consideration will be given to guaranteed financing. If the company requires a fixed rate term loan due to the nature of its operations or it cannot find a lender who will accept a guarantee, direct lending by ADC may be considered.

TERMS - Direct loans may be amortized over periods of up to 15 years. Guaranteed loans may be made for periods of up to 15 years. A loan may be paid out at any time without notice, bonus or penalty.

Interest Rates:
Specific guaranteed loans are made at a maximum of the lender's prime rate plus 1%, for terms of up to ten years, or plus 1.5% for terms of 10 to 15 years.
The direct loan interest rate will be the rate in effect at the time of loan approval.

AVAILABLE TO - Agribusiness enterprises that:
- process, manufacture, alter, or package agricultural commodities into food or feed products
- provide necessary services to primary producers
- cannot obtain financing elsewhere at reasonable terms
- cannot demonstrate adequate repayment ability based on projected profit and loss statements and cash flow forecasts
- have the appropriate experience and management ability.

APPLY TO - Alberta Agricultural Development Corporation district loans officer

ALBERTA AGRICULTURAL DEVELOPMENT CORPORATION

DISTRICT AND REGIONAL OFFICE LOCATIONS

Camrose Head Office	4910 - 52 St.	
	(Direct Line from Edm. 421-8911)	679-1311
Airdrie	Bag Service No. 1	948-8522
Athabasca	Box 480	675-2252
Barrhead - Regional	Box 1540	674-8258
District	Box 850	674-8213
Bonnyville	Box 160	826-3388
Brooks	Box 788	362-6500
Calgary	911 - 32 Ave. NE	297-6281
Camrose	4909C - 48 Street	679-1229
Cardston	Box 670	653-4848
Claresholm	Box 40	625-2533
Drumheller	Box 578	823-5740
Edmonton	3rd.Flr., 7000 - 113 Street	427-2450
Evansburg	Box 248	727-3673
Fairview - Regional	Box 819	835-4975
District	Box 819	835-4975
Falher	Box 90	837-2211
Fort Vermilion	Box 40	927-3712
Grande Prairie	10320-99 St. Provincial Building	538-5280
Hanna	Box 349	854-5500
Lacombe	Bag Service 47	782-3301
Lethbridge	Agriculture Centre	381-5102
Medicine Hat	770 - 6 Street SW	529-3616
Olds	Box 250	556-4220
Peace River	Bag 900, Box 20	624-6170
Red Deer - Regional	4920 - 51 Street	340-5326
District	4920 - 51 Street	340-5364
Smoky Lake	Box 70	656-3613
Spirit River	Box 189	864-3597
Stettler	Bag Service 600	742-7500
St. Paul	Box 188	645-6301
Taber	Box 640	223-7908
Three Hills	Box 790	443-8525
Two Hills	Box 487	657-3311
Vegreville	Box 519	632-5400
Vermilion - Regional	Box 600	853-8109
- District	Box 600	853-8101
Vulcan	Box 480	485-2236
Wainwright	Box 459	842-7540
Westlock	Box 429	349-4465
Wetaskiwin	5201- 50 Avenue	352-1243

Farm Credit Corporation

FARM CREDIT

PURPOSE - Loan may be used to purchase farm land, make permanent improvements, purchase breeding stock and farm equipment, pay debts, or for any purpose that will facilitate the efficient operation of the farm.

AMOUNT OF LOAN - The maximum loan to a single farm business is $350,000 when there is one qualifying applicant and $600,000 when there is more than one qualifying applicant. The appraised value of the available security is also considered.

TERMS - Terms are for 5, 10, 15 or 20 years with an amortization rate from 5 to 29 years. The terms vary depending on loan purpose, repayment ability and nature of the farm operation.

Interest rate will be reviewed monthly. Interest rates as of November 1, 1987 are:

	5 year term	12%	
	10 year term	12.25%	compounded semi-annually
15 &	20 year term	12.25%	

The interest rate charged by the Corporation is set (for the term) when the loan is made and will be reviewed upon renewal. Loans may be repaid at any time without notice but are subject to penalty not exceeding three months' interest. Loans are secured by a mortgage on real estate and, where necessary, on other security.

AVAILABLE TO:
Standard Farm Loans - applicants for a standard farm loan must be principally occupied in farming or about to become full-time farmers at the time of the loan.

Beginning Farmer Loans - beginning farmers may retain off-farm employment that is essential to develop an economical farm business, providing farming becomes their principal occupation within five years.

OTHER CONDITIONS - A number of factors must be considered by the applicant and the Farm Credit Corporation before a loan is agreed upon, i.e. repayment ability, management ability, need for Farm Credit Corporation financing, citizenship (must be a Canadian citizen or permanent resident), and age (must be age of majority).

APPLY TO - the local Farm Credit Corporation field office (see page 20)

FARM CREDIT - SHARED RISK MORTGAGE

PURPOSE - Purchase farm land, make permanent improvements, purchase breeding stock and farm equipment, pay debts, or for any purpose that will facilitate the efficient operation of the farm.

AMOUNT OF LOAN - The maximum loan to a single farm business is $350,000 when there is one qualifying applicant and $600,000 when there is more than one qualifying applicant. The appraised value of the security is also considered.

TERMS - Six year, renewable term (interest rate adjusted annually); an interest rate increase ceiling of 2.5% over the six year term; choice between fixed and variable payment options. Option to convert to any other FCC mortgages on any anniversary date without prepayment penalty.

INTEREST RATE - As of November 1, 1987 the interest rate is 11.75 per cent with a ceiling rate of 14.25%.

OTHER CONDITIONS - The borrower must be of legal age, be a Canadian citizen or permanent resident, have farming as his or her principal occupation, demonstrate repayment ability, be able to show need for an FCC loan and have adequate security. There is no prepayment penalty on the annual adjustment date.

APPLY TO - the local Farm Credit Corporation field office.

FARM SYNDICATE LOANS

PURPOSE - To purchase mobile machinery, fixed equipment or buildings on a syndicate basis.

AMOUNT OF LOAN - Up to $15,000 per syndicate member with a maximum of $100,000 per syndicate or 80% of actual price of machinery, whichever is less.

TERMS - Interest as of November 1, 1987 is 12%. Interest rates are revised periodically. Once a loan is approved, the rate established at date of approval remains in effect for the duration of the loan.

AVAILABLE TO - Any three or more individual farmers per syndicate. Principal occupation of the majority of the members must be farming.

APPLY TO - Local Farm Credit Corporation field office.

COMMODITY-BASED LOANS

AVAILABLE TO - Existing FCC borrowers with loans outstanding prior to February 26, 1986 which may have been obtained in his own right or by assumption.

SECURITY - The amount of a Commodity-Based Loan plus any prior charges cannot exceed 80 per cent of the value of the security available.

TERMS AND CONDITIONS - Commodity-Based Loans are written for 10 year terms with a 20 year amortization period. At the end of the 10 year term, the borrower is able to pay the loan out completely or will be offered whatever type of loan is available from the Corporation at the time.

INTEREST RATES - based on rates in effect November 1, 1987
- fully indexed - 6% equity must be less than 40%
- partially indexed - 9.125% equity must be between 41-55%
- registered mortgage rate - 14.25%
- arrears rate 12.25%.

AMOUNT OF LOAN - The maximum loan to a single qualifying applicant is $350,000 or $600,000 when there is more than one qualifying applicant.

INDEXING - The interest rate on Commodity-Based Loans is fixed for the 10 year term of the loan; however, the principal portion of the loan is indexed annually according to the change in the index of the commodity chosen by the borrower at the time of application.

Farm Credit Corporation field offices are located in:

Athabasca	Edmonton	Lacombe	Vegreville
Barrhead	Evansburg	Lethbridge	Vermilion
Brooks	Fairview	Medicine Hat	Wainwright
Calgary	Falher	Peace River	Westlock
Camrose	Grande Prairie	Stettler	Wetaskiwin
Drumheller	Hanna	St. Paul	

For further information contact: Farm Credit Corporation
Continental Bank Bldg.
Suite 1550, 10250 - 101 Street
Edmonton, Alberta
T5J 3P4 (Phone 495-4488)

Federal Business Development Bank

PURPOSE - Loan may be used for any sound Canadian business project.

AMOUNT OF LOAN - No fixed limits. Financing is available by means of loans, loan guarantees, equity financing or by any combination of these.

TERMS - Two methods of interest payments are available: fixed or floating. The rate is established at the time of loan authorization. The base fixed rate on November 5, 1987 was 12.75% for one year fixed, 13% for two to five years or 13.25% for seven years fixed (subject to change at any time). Rates are fixed for one to seven years.

The minimum floating rate on November 5, 1987 was 11.75%. The rate is subject to change at any time.

Interest payments are required monthly, but principal payments may be varied to fit the income cycle.

A schedule of penalties is applied on loan prepayments.

AVAILABLE TO - The Federal Business Development Bank will consider lending to businesses whose credit requirements are not readily available from other lenders at reasonable terms and conditions.

APPLY TO -

Federal Business Development Bank Offices

Calgary	1900, 500 - 4th Avenue S.W.	T2P 2V6
Edmonton	10303 Jasper Avenue	T5J 3N6
Grande Prairie	10135 - 101 Avenue, P.O. Box 10	T8V 0Y4
Lethbridge	740 - 4 Avenue South	T1J 0N9
Red Deer	Riverside Office Plaza 4919 - 59 Street	T4N 6C9

Canadian Wheat Board

ADVANCE PAYMENTS FOR THRESHED GRAIN

PURPOSE - The program is set up to provide cash to producers who are unable to deliver grain due to congestion in country elevators.

AMOUNT OF ADVANCE - The producer's entitlement for an advance is determined by the quantity of threshed Wheat, Oats and Barley in storage on the farm that is eligible for delivery to the Board.

The total tonnes of each grain is multiplied by a prescribed rate per tonne to determine the advance payment entitlement for each type of grain. Adding the entitlement for Wheat, Oats and Barley provides the producer with his total advance payment entitlement.

The maximum advance entitlement for an individual producer is $30,000.00.

For a corporation, partnership, colony, cooperative or business enterprise with three or more shareholders, partners or members, the maximum advance may be increased to $90,000.00. Applications from these producers must be verified by the Canadian Wheat Board before any funds are paid out.

Previous crop year and previous current advance payments issued under the Prairie Grain Advance Payments Act of the Advance Payments for Crops Act are taken into consideration to determine the maximum advance payment possible.

TERMS - The advance is interest free if repaid by delivery of Wheat, Oats and/or Barley as delivery quotas are authorized. If the advance is refunded by cash payments of more than $500.00 or through delivery of other crops such as Rye, Flaxseed or Rapeseed, interest is charged at the rate prescribed by Regulation on the amount in excess of $500.00 from the date the advance payment is made to the date of the refund.

AVAILABLE TO - holders of Canadian Wheat Board Permit Books

OTHER CONDITIONS - An administrative fee of up to $5.00 may be charged and retained by the handling company

APPLY TO - local elevator agent

EMERGENCY ADVANCE PAYMENTS FOR DRYING DAMP OR TOUGH GRAIN

PURPOSE - The programs provide cash to producers to better finance the drying of damp and tough grain. Available when by reason of unusual weather conditions there are in the designated area large quantities of tough or damp grain.

AMOUNT OF ADVANCE - The producer's entitlement is determined by the total threshed tonnes of damp or tough Wheat, Oats or Barley in storage dried or to be dried. The total tonnes of each grain to be dried is multiplied by a prescribed rate per tonne to determine the advance payment entitlement for each type of grain. Adding the entitlements for Wheat, Oats and Barley provides the producer with his total advance payment entitlement.

The maximum eligible advance is $3,000.00 or the amount charged by a grain dryer for drying the grain whichever is the lesser amount.

TERMS - The advance is interest free, providing it is repaid by delivery of Wheat, Oats and/or Barley as delivery quotas allow. If the advance is refunded by cash payments of more than $500.00 or through delivery of other crops such as Rye, Flaxseed or Rapeseed; interest is charged at the prescribed rate on the amount in excess of $500.00 from the date the advance payment is made to the date of the refund.

AVAILABLE TO - holders of Canadian Wheat Board Permit Books.

OTHER CONDITIONS - An administrative fee up to $5.00 may be charged and retained by the handling company.

APPLY TO - local elevator manager

EMERGENCY ADVANCE PAYMENTS FOR UNTHRESHED GRAIN

PURPOSE - The program provides cash to producers who are unable to thresh their grain due to unusual weather conditions.

AMOUNT OF ADVANCE - The producer's entitlement for an Emergency Advance Payment for Unthreshed Grain is determined by the anticipated quantities of unthreshed Wheat, Oats and Barley that will ultimately be eligible for delivery.

The estimated total of Wheat, Oats or Barley to be threshed is multiplied by a value per tonne for each grain to determine the total calculated advance payment to which the applicant would be entitled if the grain were threshed and in farm storage. Adding the entitlements for Wheat, Oats and Barley provides the producer with his total advance payment entitlement.

The maximum Emergency Advance Payment for Unthreshed Grain a producer may receive is $15,000.00 or one-half the total calculated advance payment for unthreshed grain whichever is the lesser amount. Previous crop year and previous current advance payments issued under the Prairie Grain Advance Payments Act are taken into consideration to determine the maximum Emergency Advance Payment possible.

TERMS - The producer pledges to thresh the grain in respect of which the Emergency Advance Payment for Unthreshed Grain is based and to deliver and sell the grain as soon as general acreage quotas allow. If the advance is refunded by cash payments of more than $500.00 or through delivery of other crops such as Rye, Flaxseed or Rapeseed, interest is charged at the rate prescribed by regulation on the amount in excess of $500.00 from the date the advance payment is made to the date of the refund.

AVAILABLE TO - holders of Canadian Wheat Board Permit Books

OTHER CONDITIONS - An administrative fee up to $5.00 may be charged and retained by the handling company.

APPLY TO - local elevator manager

NOTE - For the current crop year only Advance Payments For Unthreshed Grain and Emergency Advance Payments for Drying Damp or Tough Grain are presently available.

Farm Improvement Loan

PURPOSE - The program provides funds to buy farm implements; construct, repair or alter farm homes, buildings and fences; to buy breeding livestock (including bees and fish); to buy additional farmland; to construct water and sewage disposal systems and drainage and irrigation systems, and to repair agricultural equipment (exceeding $400).

Arrangements for financing through a Farm Improvement Loan should be made prior to the purchase of an asset.

A Farm Improvement Loan cannot be used to refinance existing debts.

AMOUNT OF LOAN - Maximum loan is $100,000 (see note). The whole loan may be used for one purpose, but the maximum loan as a per cent of the cost of the asset varies. For example, the maximum loan is limited to 90% of the cost to construct and repair buildings, purchase additional land and cost of permanent farm improvements; and 75% of the purchase price of machinery and livestock.

TERMS - Interest rate is the lender's prime lending rate plus 1%.

Maximum loan is 15 years for land, 10 years or the expected life of implements, equipment or motor vehicles, whichever is earlier, and 10 years for other purposes. Loans may be retired at any time. Security is usually a preferential charge on the item purchased or a mortgage on the farm property.

Loans must be paid at least annually or more frequently, at the discretion of the lender.

AVAILABLE TO - anyone whose principal occupation is farming and is 18 years of age or over.

APPLY TO - any chartered bank Treasury Branch; Credit Union; trust, loan or insurance company designated in and approved under provisions of the Farm Improvement Loans Act.

NOTE - The above program is to expire on March 31, 1988 or at such earlier time as recent substantial changes to this program comes into force:
- renaming the program to the Farm Improvement and Marketing Co-operative Loans Act
- allowing guarantees on loans made to co-operatives set up by farmers to process, market and distribute their commodities
- raising the borrowing limit to $250,000
- extending the definition of a farmer to include producers who have off-farm employment
- including a refinancing option in the new program allowing farmers to consolidate their loans
- a minimal user fee of one half of half of a per cent applied.

Alberta Farm Credit Stability Program

PURPOSE - This program makes it possible to refinance and restructure existing debt incurred in farming before August 5, 1987 and to acquire or improve land; acquire, construct or improve farm buildings; acquire fixed machinery or equipment; acquire livestock for breeding purposes excluding poultry; acquire farm machinery or farm implements and acquire dairy quota.

NOTE -You may <u>not</u> use the money to acquire automobiles, trucks rated three-quarter ton or less capacity, recreational vehicles or mobile homes; construct or improve residential buildings or mobile homes, or purchase residential buildings unless they are attached to land being acquired to carry on a farming business with a reasonable expectation of profit.

ELIGIBILITY - The applicant must live in Alberta, be a Canadian citizen and meet the repayment, management and security requirements. After the loan is in place, the applicant must be actively engaged in producing primary agricultural products in the province.

New entrants to farming, as well as established farmers are eligible. This includes partnerships or corporations as long as the operations are directed and managed in Alberta and at least two-thirds of the partnerships or holders of two thirds of the equity shares meet the eligibility requirements.

The loan must be used to enhance or maintain income in a farming operation that has a reasonable expectation of profit. There are no restrictions with respect to the levels of assets and net worth.

TERMS - The maximum original loan amount is $200,000 per farm family. A farm family includes the spouse and dependants under 18 years of age. This maximum includes any outstanding indebtedness to the Alberta Agricultural Development Corporation. Partnerships, corporations or communal arrangements are eligible for a maximum loan amount of $600,000, depending on the number of qualifying farm families involved, and on the assets held by these families in the farm business.

You can apply for additional loans under the program from the same or another financial institution as long as loans are being made under the program and your total loans do not exceed the $200,000 maximum.

NOTE - Lending under the Alberta Farm Credit Stability Program will cease on June 30, 1989 or when the $2 billion allocated to the program has been loaned, whichever comes first.

SECURITY REQUIREMENTS

- For loans to refinance or consolidate debt at the same institution, the lender will take security up to 100% of the loan, if available.
- For loans to refinance or consolidate debt owing to other lenders or creditors, loans may be made to 100% of the value of the available security.
- For loans to acquire new assets, the loan may be up to 80 per cent of the value of the assets being purchased.
- Where land and building security is available, it must be granted to the lender. Borrowers should consult with lenders regarding full details of security requirements under the program.

REPAYMENT REQUIREMENTS - Projected cash flow must demonstrate break-even potential after living expenses, or, if this is not readily evident, the lender must judge that you have or will have the ability to repay the loan. In all cases, the lender must believe that the farming operation has long-term viability.

REPAYMENT TERMS - A rate will be charged that is equivalent to 9% interest calculated annually except on arrears which may bear a higher interest rate. Payments will be made over the life of the loan, consisting of: a blend of principal and interest, or equal annual payments of principal plus interest calculated on the declining balance. Loans will be for 20 years except if a shorter term is in the best interest of the applicant and the applicant requests a shorter term. The minimum term is 10 years.

The repayment schedule will depend on the cash flow of the particular farming operation. If the operation receives income on monthly basis, monthly payments may be required. If the farm income is irregular, payments may be made quarterly, semi-annually or annually. Prepayment of principal will be permitted without penalty.

AVAILABLE TO - all Alberta farm families.

APPLY TO - participating banks, Credit Unions and Treasury Branches who will assess the application and make and administer the loans under this program.

For further information phone: 1-800-232-9479 (toll free) or 422-9167 in Edmonton.

Chartered Banks, Treasury Branches and Credit Unions

SHORT TERM AND INTERMEDIATE TERM FINANCING

PURPOSE - Short term financing is provided for current operating expenses and for purchase of feeder cattle. Intermediate term financing (up to ten (10) years) is provided for acquiring buildings, farm improvements, machinery, breeding stock and for debt consolidation.

AMOUNT OF LOAN - There is no fixed amount. It depends on past records, financial position, net worth, repayment capacity, management ability, etc.

TERMS - The length of loan depends on the type of loan applied for and the lending institution. For example: operating credit is normally provided for one year while breeding stock and machinery are usually repaid over 3 to 10 years. Interest rates are related to the lender's prime lending rate. Fixed rates for both short and intermediate terms are available at some of the lending institutions.

Certain equipment and vehicle loans can be made by utilizing the purchased asset as sole security. In many lending institutions, loans can be insured for disability and for life.

AVAILABLE TO - Eligibility will depend on availability of records to show repayment capacity, management ability, net worth and other contributing factors. Normally, credit unions require the borrower to have membership in the credit union.

APPLY TO - any chartered bank, Treasury Branch or credit union

LONG TERM FINANCING

BANK OF ALBERTA

PURPOSE - Financing is provided to purchase land, buildings, major improvements and develop farm property (clearing and levelling).

AMOUNT OF LOAN - Up to 75% of the lower of cost or appraised value of land must be available as security. The amount of the loan is also subject to the estimated debt servicing capacity of the applicant.

TERMS - Interest rates can either be fixed for terms of one to five years or float based on a spread over the bank's prime rate.
- Interest on floating rate loans is payable monthly
- Loans can be amortized for up to 20 years with repayment on a monthly, quarterly or semi-annual basis
- Loans are subject to annual review
- No prepayment penalty on floating interest rate loans
- A prepayment penalty equivalent to three months' interest on the amount of the prepayment applies to fixed interest rate loans

AVAILABLE TO - farmers, ranchers and primary agricultural producers

OTHER CONDITIONS - Accredited appraisal of property is used for collateral mortgage security. Appraisal and security preparation costs are charged to the account of the borrower.

APPLY TO - Bank of Alberta, 11350 Jasper Avenue, Edmonton, Alberta or 715 - 5th Avenue S.W., Calgary, Alberta.

BANK OF BRITISH COLUMBIA

PURPOSE - Loans are available to finance purchase of land or buildings, make major improvements, development of property and/or debt consolidation.

AMOUNT OF LOAN - No fixed maximum under floating rates, $500,000 maximum for fixed farm mortgages.

TERMS - Repayment terms up to 15 years for building projects and up to 25 years for land purchases.

Interest rates are established at the time the loan is negotiated and float in relationship to the bank's prime rate. Fixed rate mortgages are based on residential mortgage rates.

No penalty for prepayments for floating rates. Fixed rate penalty based on interest differential rate.

AVAILABLE TO - Farming, ranching and primary agricultural producers able to demonstrate satisfactory management and repayment ability.

OTHER CONDITIONS - Accredited appraisal of property used for collateral mortgage security is normally a requirement. Life, dismemberment and loss of sight insurance is available as an option.

APPLY TO - any branch of the Bank of British Columbia

BANK OF MONTREAL

PURPOSE - Loans are available to finance farm land purchase make land improvements (irrigation, drainage, etc.), construct and renovate buildings, and/or consolidate existing debt.

AMOUNT OF LOAN - No fixed amount. Loans are limited to 75% of appraised value of property offered as security with the maximum based on the farm's repayment capacity.

TERMS - Interest rates are negotiable and can either be at a floating rate related to the bank's prime lending rate, or a fixed rate based on current mortgage rates.

Interest rates can be fixed for terms of one to five years.

Loans may be amortized over periods up to 25 years with repayment on a monthly, quarterly, semi-annual or annual basis.

Prepayment of up to 10% of the initial principal amount is allowed once during each year. In addition, once each year the amount of the mortgage payment can be increased by 10%. Security is taken by way of a demand collateral mortgage for Agri-Credit Plan loans (floating rates) or by a first mortgage for First Bank Farm Mortgage Plan (fixed rates). In certain circumstances a second mortgage may be allowed.

AVAILABLE TO - All applicants in the business of farming and ranching able to provide the necessary security and demonstrate a sufficient potential repayment capacity.

OTHER CONDITIONS - Accredited appraisal on the land in question is normally required. Cost of the appraisal is borne by the borrower, as are related legal costs.

Creditor insurance is available up to $750,000 per individual.

APPLY TO - a local branch or commercial banking unit of the Bank of Montreal

BANK OF NOVA SCOTIA

PURPOSE - Loan are available to finance the purchase of agricultural land and buildings, make major capital improvements and to restructure existing debts.

AMOUNT OF LOAN - there is no arbitrary limit - amount determined by cash flow and security.

TERMS - Interest rates may be fixed for up to five years or set on a floating basis with the bank's prime lending rate.

Loans are normally secured by a first mortgage on the farm real estate; however, second mortgages will be considered when the size and term of the previous first mortgage is favorable.

Loans are granted with up to five-year maturity and repayments are up to 25 years. Payment dates may be matched to the cash flow of the particular farming operation and as such may be on a monthly, quarterly or semi-annual basis.

AVAILABLE TO - Farmers who have good collateral and a proven cash flow.

OTHER CONDITIONS - Prepayment of up to 10% of outstanding principal is permitted once a year, without penalty, on the loan anniversary date on fixed rate loans. Floating rate loans may be repaid from cash earnings or asset sales without payment of penalty at any time.

APPLY TO - Scotiabank branch.

CANADIAN IMPERIAL BANK OF COMMERCE

PURPOSE - Loans are available to help finance land purchases, major buildings, equipment and other capital improvements and debt restructuring.

AMOUNT OF LOAN - No fixed maximum - limit determined by debt-servicing ability and security offered.

TERMS - On floating rate loans with fixed principal repayment plus interest, at a rate which floats in relationship to the bank's prime rate. Repayable up to 25 years.

Fixed rate loans have amortized payments with the rate established at the time of the loan. They are negotiated for terms up to 5 years, repayable up to 25 years. Repayment may be monthly, quarterly, semi-annually or annually, depending on cash flow. A second mortgage may be acceptable depending on the size and terms of existing mortgage.

AVAILABLE TO - Bona fide agricultural producers who can demonstrate a sufficient level of management and repayment ability.

OTHER CONDITIONS - Accredited appraisal on land in question may be required to determine sufficiency of applicant's equity. A prepayment of 10% may be made on each anniversary date without penalty. Life insurance available up to $750,000 per individual.

APPLY TO - local branch of the Canadian Imperial Bank of Commerce

CREDIT UNIONS

PURPOSE - Loans are available to finance land purchase, construction of new homes and other farm buildings, and expenditures for other permanent farm improvements.

AMOUNT OF LOAN - No fixed amount. Depends on past records, security available, and repayment capacity.

TERMS - Interest rates float in relation to the local credit union's prime lending rate.

Loans are normally secured with a first mortgage and amortized for periods up to 25 years. Interest rates may be fixed for three-year periods and renegotiated at the end of each period or may float with the local credit union's prime lending rate.

AVAILABLE TO - bona fide farmers who are members of a credit union

OTHER CONDITIONS - There are no acquisition fees or prepayment penalties on the loan.

APPLY TO - local credit union

THE ROYAL BANK OF CANADA

PURPOSE - Royfarm mortgage loans are available for the purchase of land, buildings, major permanent improvements to property, machinery and equipment and, where appropriate, for debt consolidation.

AMOUNT OF LOAN - Loans to a maximum of $2 million are available. The size of the mortgage loan will depend on the purpose for which funds are being sought, shareholders, owners equity, net worth of the business, historical earning power, projected earning power and repayment capacity, management ability of the operator and security available to protect advances.

Loans are available for up to 60% of the appraised fair market value of land available for security.

TERMS - The Royfarm Mortgage Program offers fixed interest rate mortgage loans, where the rate is negotiated and fixed for either a one, three, or five-year period at the time the loan is granted. It offers floating interest rate mortgage loans as well.

The rate on floating interest mortgages is negotiated on a prime plus basis, but monthly, quarterly, semi-annual or annual payments are fixed for periods of three years with appropriate adjustments being made at the end of each period.

Loans are amortized for periods from ten to twenty-five years with monthly, quarterly, semi-annual and annual repayment options.

A prepayment of 10% may be made on each anniversary date without penalty.

AVAILABLE TO - Farmers who can demonstrate satisfactory evidence of management and repayment ability.

OTHER CONDITIONS - All property required for mortgage security will be appraised by a qualified rural appraiser appointed by the bank after a credit application has been authorized. The borrower pays a processing fee of 1/2% of the value of the mortgage and the bank pays the cost of the appraisal. Life insurance is available.

APPLY TO - any branch of the Royal Bank of Canada

TORONTO DOMINION BANK

PURPOSE - Loans are available to finance farm land purchases; construction or renovation of major buildings;improvements to land such as clearing, breaking, irrigation or drainage; and debt consolidation.

AMOUNT OF LOAN - Loans will be granted on the basis of repayment ability. Minimum loan is $25,000 and there is no maximum.

TERMS - Interest rates may be floating or fixed. With floating rate loans, the interest rate floats in relationship to the bank's prime lending rate. With fixed rate loans, the interest rate is established at the time the loan is negotiated and fixed for a term of up to five years.

Loans may be amortized for a minimum of ten years to a maximum of 25 years.

Repayments may be on a monthly, semi-annual or annual basis to fit the cash flow of the business. In some cases, second mortgage security may be acceptable depending upon the size and terms of the existing first mortgage.

AVAILABLE TO - commercial agricultural producers.

OTHER CONDITIONS - Life insurance is available for lines of credit up to $1,000,000. Prepayment privileges of up to 10% of the original loan are permitted annually, at any time during the year.

APPLY TO - a branch of the Toronto Dominion Bank

TREASURY BRANCHES

TYPE OF LOANS - Agri-Plan
- Agri-Term

PURPOSE - Loans are available to finance farm land purchases; construction, repair and renovation of buildings and major improvements to existing land.

AMOUNT OF LOAN - Loans under both plans are limited to 65 to 75% of the security pledged.

TERMS - Under the Agri-Plan, interest rate fluctuates with the Treasury Branch prime rate. Loans secured with a first or second mortgage are amortized up to 25 years.

Under the Agri-Term loans, the interest rate is fixed for one to five year terms with annual, semi-annual, quarterly or monthly payments amortized for periods up to 25 years. Loans are renewable upon expiry of the term at the interest rate in effect at date of maturity of the loan.

AVAILABLE TO - All available farmers and ranchers are eligible. They must be able to provide the requested security and demonstrate the ability to repay.

OTHER CONDITIONS
- The applicant's 25 to 35% contribution of the total funds expended can either be by cash injection or in value of land pledged as security.
- No interest penalty on prepayments, which can be made at any time.
- Life insurance coverage up to $300,000, on a medical evidence basis, is available and is optional.
- No application or commitment fees.
- Legal and appraisal fees, if any, are charged to the borrower.

NOTE - On Agri-Term loans, a payout penalty exists if paid out by another financial institution.

APPLY TO - local Treasury Branch

IRRIGATION DEVELOPMENT LOAN

PURPOSE - The Irrigation Loan program is designed to provide an agriculture loans program at a fixed or a floating interest rate which will assist water-users to develop land suitable for irrigation.

Repayment of principal may be deferred for a period of up to two years from the date of the loan.

The loan will be established to provide for the capitalization of the interest payable on the first anniversary date of the loan.

Loans under the Irrigation Loan program may be used for the following purposes:
- break, level or contour the land of an irrigation site
- install above surface or subsurface pipe
- construct and/or install a pumping station and/or mini-reservoir
- install three phase power
- develop proper soil drainage
- purchase and installation of irrigation equipment and sprinklers
- cost to plant a foundation crop.

AMOUNT OF LOAN - any amount

TYPES OF LOANS - fixed or floating interest rate

INTEREST RATE - as established from time to time

TERMS -
- Two to five year terms are available with the subsequent renewals of one to five years.
- The amortization period is a maximum 15 years or the life expectancy of security, whichever is less.
- The first year's interest is capitalized and amortized over original loan to allow for establishment year.
- Payments may be made monthly, quarterly, semi-annually or annually.
- Prepayment is allowed on anniversary date in whole or in part.
- A three month interest penalty if paid on any other day than the anniversary.

CONDITIONS - Borrower's Participation has 30% chattel security or 25% real estate security

This participation will be based on the total loan, including capitalization of the first year's interest, when applicable.

APPLY TO - local Treasury Branch

FEEDER ASSOCIATION GUARANTEED LOAN

PURPOSE - Funds are provided for the purchase of feeder cattle and lambs. The use of funds for the purchase of livestock for breeding purposes is strictly forbidden.

AMOUNT OF LOAN - A local incorporated association receives application for livestock from its members and may approve loans up to $30,000 for new members and up to a maximum of $75,000 for experienced members.

TERMS - Deposits of $50 for every $1,000 borrowed are placed in trust with the association. The interest rate to the member is based on the rate the association is able to obtain from the bank which is usually close to the bank's prime lending rate.

The association will add additional charges to cover administration costs.

AVAILABLE TO - farmer members of local feeder association

APPLY TO - Applications should be made to the local feeder association. Further information is also available from your local district agriculturist or feeder association supervisor, Animal Industry Division, Edmonton (427-5096), and/or head, Feeder Association, Calgary (297-6650).

OTHER SOURCES OF CREDIT

Every attempt has been made to tabulate all the lending programs developed to meet the needs of farm business in Alberta.

Some banks and other agencies provide credit to farmers and agribusinesses in certain situations but do not have defined programs specifically to serve agriculture.

If the programs previously outlined do not meet your specific needs, it may be worthwhile to investigate these other sources. A number of private agricultural consulting firms have often made use of these lenders for specific clients.

Agricultural Financial Management Services

Over the past year a number of enquiries have been received as to where one may obtain assistance in analyzing financial alternatives for a farm business. The following is a list of agencies and firms servicing this area.

The Province of Alberta provides three systems through which farm families may discuss their financial problems. This meets the need of farm couples who wish to talk over their financial situation with an independent third party. It provides a confidential, analytical look at their farm business and an opportunity to discuss ideas and possible solutions.

District agriculturists, district home economists and ADC loans officers, backed up by regional farm economists, have been able to provide this service and continue to do so.

In addition, there is now an Enterprise Counselling Service and Financial Management Consulting Service provided. Both services offer producers an opportunity to obtain an outside opinion.

Alberta Agriculture

DISTRICT AGRICULTURIST

Provide first line of contact between the agricultural community and the Department. Informational and educational programs are available and publications in the areas of: production, farm management, marketing, credit and the implications of government policy. If an inquiry is of a specific or detailed nature, the district agriculturist may refer the client to an appropriate department specialist for further information.

DISTRICT HOME ECONOMISTS

Provide informational and educational programs and publications in the areas of: farm family living costs, farm and home record keeping, family financial security, and the family side of the farm business.

REGIONAL FARM ECONOMISTS

Provide educational programs and assist clients in analyzing farm business and credit alternatives.

Located at:

REGION I - LETHBRIDGE
Reg. Agriculture Centre
Alberta Agriculture
Lethbridge, Alberta
T1J 4C7 381-5118

REGION II - AIRDRIE
Reg. Agriculture Centre
Alberta Agriculture
Bag Service # 1
Airdrie, Alberta
TOM 0B0 948-8537
Ext. 243

REGION III - RED DEER
Reg. Agriculture Centre
Alberta Agriculture
4920 - 51 Street
3rd Floor
Red Deer, Alberta
T4N 5Y5 340-5358

REGION IV - VERMILION
Reg. Agriculture Centre
Alberta Agriculture
Box 330
Vermilion, Alberta
TOB 4M0 853-8109 Ext.310
HOME ECONOMICS BRANCH

REGION V - BARRHEAD
Reg. Agriculture Centre
Alberta Agriculture
Box 1540
Barrhead, Alberta
T0G 0E0 674-8256

REGION VI - FAIRVIEW
Reg. Agriculture Centre
Alberta Agriculture
Box 7777
Fairview, Alberta
T0H 1L0 835-2291 Ext.29

FINANCIAL MANAGEMENT CONSULTING SERVICE

PURPOSE - To provide independent, confidential assistance to farm families in the area of financial management by:
- assisting in the preparation of statements which describe the present financial situation of the farm business
- help identify problem areas
- assisting them in determining viable alternatives to improve profitability and cash flow, and working out these plans for the coming year
- assisting farmers to make preparations for discussing their proposals with lenders.

The consultants are experienced farmers, businessmen or professionals. They have training, related experience, and skills in farm finance and management. Farmers are assured that the consultants will hold the farmer's business affairs in total confidence.

TERMS - Consultant fees will be paid by Alberta Agriculture

AVAILABLE TO - Farm businesses that in one or two years, without improved financial or production management, may find themselves short of funds to meet their financial commitments.

APPLY TO - Contact your nearest district office of Alberta Agriculture and ADC.

HOME ECONOMICS BRANCH

Conducts research, develops programs and publications, and provides resource support to district staff in various areas including family resource management.

Contact:

Home Economics Branch
Rural Services Division
Alberta Agriculture
J.G. O'Donoghue Building
7000 - 113 Street
Edmonton, Alberta
T6H 5T6 427-2414

FARM BUSINESS MANAGEMENT BRANCH

Provides educational programs, publications and factsheets on credit and farm management topics. Provides resource support to district and regional staff in the areas of farm financial and business management.

Farm Business Management Branch
Economic Services Division
Alberta Agriculture
Box 2000
Olds, Alberta
TOM 1PO 556-4240

AGRICULTURAL LAW SOLICITORS

Provide information as to the content of all agricultural statutes and amendments, their practical application and restrictions, and recent court cases that clarify and interpret the legislation. Information may be provided through farm law seminars, lectures and private consultation.

The agricultural law solicitors provide information and counselling on legal matters related to business contracts, agricultural credit (including foreclosure and bankruptcy), estate planning and business arrangements.

Cal Brandley
Regional Agricultural Centre
Lethbridge, Alberta
T1J 4C7 329-5131

Alberta Agricultural Development Corporation

Provides loans or loan guarantees for the establishment and maintenance of family farms and agribusinesses. Also provides financial and farm counselling involving in depth analysis for farmers who are experiencing immediate financial difficulty. The ADC counselling service will be further supported by additional emphasis on financial management through the Department of Agriculture.

A listing of local offices is found on page 14.

ENTERPRISE COUNSELLING SERVICE

PURPOSE - The Enterprise Counselling Service made available through ADC is an extension of existing counselling services aimed at assisting farmers experiencing severe financial problems. This service is provided on a one-to-one basis and will give producers the opportunity to work through problems with the help of a counsellor, knowledgeable in agriculture. Alternatives will be considered to arrive at a solution that is in the best interest of the farmer.

Counsellors will be respected farmers, businessmen or professionals with related experience in agriculture, and who are recognized as sound financial managers. They will be located throughout the province, so counselling services will be readily available in every region of the province. Farmers will be assured that the counsellors will hold the farmer's business affairs in total confidence.

TERMS - ADC will pay counsellors for their services and other approved expenses.

AVAILABLE TO - Any farmer, regardless of assets or net worth, who is experiencing severe financial problems. This service is also available to any farmer irrespective of who his creditors may be.

APPLY TO - Contact your nearest district office of Alberta Agriculture and ADC.

Bank Agrologists

Provide support to their bank managers and loans officers in the areas of agricultural credit use and analysis. They also provide materials to help clients assess farm credit alternatives.

BANK OF MONTREAL

Main Branch
3rd. Flr. 10199 - 101 St.
EDMONTON, Alberta
T5J 3Y4 428-7287

Chancery Hall
220 - 4th St. South
LETHBRIDGE, Alberta
T1J 4J7 329-7420

Box 578
4903 Gaetz Ave.
RED DEER, Alberta
T4N 5G1 340-6521

Commercial Account Manager
Bank of Montreal
VALLEYVIEW, Alberta
TOH 3NO 524-2920

Commercial Account Manager
Bank of Montreal
VIKING, Alberta
TOB 4NO 336-3104

BANK OF NOVA SCOTIA

Box 1400
10050 Jasper Ave.
EDMONTON, Alberta
T5J 2N4 429-6238

702- 3rd Ave. South
Box 1060
LETHBRIDGE, Alberta
T1J 4A2 327-5794

CANADIAN IMPERIAL BANK OF COMMERCE

Box 2585
505 - 5 St. S.W.
CALGARY, Alberta
T2P 2P2 267-8771

9990 Jasper Avenue
EDMONTON, Alberta
T5J 2K3 420-1640

4902 - 50 Street
RED DEER, Alberta
T4N 1X7 343-8900

ROYAL BANK OF CANADA

9th Floor
335 - 8th Ave. S.W.
CALGARY, Alberta
T2P 2N5 292-3475

4943 Ross Street
Box 638
RED DEER, Alberta
T4N 5G6 340-7252

10th Floor
10117 Jasper Avenue
EDMONTON, Alberta
T5J 2N6 425-6640

TORONTO DOMINION BANK

2601 Toronto Dominion Bank Tower
Edmonton Centre
EDMONTON, Alberta
T5J 2Z1 429-6434

TREASURY BRANCHES OF ALBERTA

10th Floor
9925 - 109 Street
Box 1440
EDMONTON, Alberta
T5J 2N6 427-6043

217 - 16th Ave. N.W.
Box 1758
CALGARY, Alberta
T2P 2L8 297-4120

Box 1269
COALDALE, Alberta
TOK 0L0
297-4120

Farm Credit Corporation

Provides long-term mortgage financing to assist Canadian farmers to establish and develop viable farm enterprises. Financial and farm management counselling is also provided to potential and existing clients.

A listing of FCC offices is located on page 17.

Private Agricultural Consultants

Analyze and determine the feasibility of farm business and credit alternatives on a fee basis. These firms may also provide a broad range of farm management services. The following are some of the private firms offering consulting services:

Deloitte Haskins & Sells Assoc.
2300 - 255 - 5 Ave. S.W.
CALGARY, Alberta
T2P 3G6 298-3900

McKinnon, Allen & Associates
(Western) Ltd.
1115-46 Ave. S.E.
CALGARY, Alberta
T2G 2A5 243-4345

R.A. Berrien Associates (Rural) Ltd.
200 - 251 Mid Park Blvd. S.E.
CALGARY, Alberta
T2X 1S3 256-3661

Bill Harker, C.A.
Dereka Thibault, C.A.
Kevin Keith, C.A.
Thorne, Ernst & Whinney

Deloitte Haskins & Sells Assoc.
1701 Toronto Dominion Tower
EDMONTON, Alberta
T5J 2Z1 421-3611

Ed Braun Enterprises Ltd.
203 - 239- 8th Ave. S.W.
CALGARY, Alberta
T2P 1B9 266-0660

Watkinson, Hanhart, Duda, Dorchak
Chartered Accountants
Box 698 500, 220-4th St. S.
LETHBRIDGE, Alberta
T1J 3Z6 328-1741

500 Lethbridge Centre Tower
400 - 40th Avenue South
LETHBRIDGE, Alberta
T1J 4E1 329-3222

NOTE: Your nearest regional farm economist of Alberta Agriculture may be able to refer you to other financial consulting agrologists practicing in your locality.

Comparison of Long Term Financing Available to Alberta Farmers

PURPOSE: The loans from lending institutions can be used for the following purposes: land and farm buildings, construction or renovations of major buildings, land improvements (i.e. clearing, breaking, irrigation and drainage), new farm homes, debt consolidation.

AVAILABLE TO: Primary Agricultural Producers

OTHER CONDITIONS: Check with your lender concerning insurance requirements, and discuss who pays for appraisal costs, legal costs and the application fee.They will vary from institution to institution.

EXPLANATION NOTES:

*1. Fixed interest rates for 1 - 5 years are available on Agri-Term loans.

*2. Disaster Assistance loans may be either direct or guaranteed.

*3. Incentive of 6% first 5 years for beginning farmers. Maximum asset ceiling for program is $350,000.

*4. No quarterly repayments are allowed.

*5. Consolidation loan payments must be made at least twice (semi-annually) or more per year.

*6. Prepayment of 10% of the original principal amount is allowed on the anniversary date without penalty. Any additional prepayments are permitted only after the lock-in period (outlined below) and are subject to a 3 months' interest penalty calculated on the amount prepaid in excess of the allowed 10%.

Term	Lock-in
1 year	3 months
2 years	1 year
3 years	2 years
4 years	3 years
5 years	3 years

*7. 5 year term mortgages can be paid out in part or in full only after 3 years (4 years after 3 years, 3 years after 2, 2 years after 1, with a 90 day interest penalty on prepayment above 10% of original principal. A 10% prepayment is allowed annually with no penalty. 1 year term mortgages can be paid out in part or in full at any time on payment of a 3 months' penalty.

*8. There is a 3 months' penalty on prepaid principal: if it is above 10% of original principal when paid only at specified date or if prepayment is made at other than specified date.

*9. Penalty is a minimum of 3 months' on interest on prepaid principal.

*10. Penalty is up to 3 months' interest on prepaid principal.

*11. On anniversary date an additional amount of principal can be prepaid not in excess of 20% of the original principal amount. This can also be done by increasing for a period of one year the amount of each of the monthly installments of principal and interest set out in the mortgage by an amount not exceeding 20% thereof. Prepayment of total amount is permitted by way of a bonus which is the total of $500 and loss of income based on the differential rate.

*12. Three months' interest penalty if paid out by another financial institution on agri-term loans only.

	SCOTIA BANK	BANK OF MONTREAL	BANK OF B.C.	BANK OF COMMERCE	ROYAL BANK	TORONTO DOMINION
	Scotia Farm Mortg. Program	Farm Mortg.	Westbank Agri-Plan	Farm Service	Royfarm	Farm Loan
Amount of Loan:						
Minimum Dollar Amount	25,000		500,000			25,000
Max. Dollar Amount-Family					2,000,000	
-Partnership or Corp.						
Terms:						
Fixed Int.Rate available	Y	Y	Y	Y	Y	Y
No. of years fixed	1 - 5	1 - 5	1 - 5	1 - 5	1,3&5	1 - 5
Float. int. rate available	Y	Y	Y	Y	Y	Y
Amort. period for loans	Max.25	Max.25	Max.25	Max.25	Max.25	Max.25
Amort. period debt. cons.	Max.20	Max.25	Max.25	Max.25	Max.25	Max.25
Repayment Options:						
- Monthly, quarterly, semi-annual, annual princ.	Y	Y	Y*11	Y	Y	Y*4
- Int. monthly @ FBD Bank						
Prepayment Allowed:	Y	Y	Y	Y	Y	Y
Prepayment condition	*6	*7	N	*8	*8	*8
-max. % original principal	10%	10%	20%	10%	10%	10%
- at anniversary date	Y		Y	Y	Y	Y
- at payment date			N	N	N	N
- at renewal date			Y	Y	Y	Y
- at any time	Y	Y	N	N	N	N
Security:						
Loans limited to % of value of land & buildings	75	75	75	75	60	70

TREASURY BRANCH	BANK OF ALBERTA	CREDIT UNION	FEDERAL BUSINESS DEVELOP. BANK	FARM CREDIT CORP.	AG. DEVELOPMENT CORP.		
Agri-Plan *1 Agri-Term	Agric. Loans	Farm Lending	Farm Mortg.	Standard Loans	Beg.& Dev. Farmer	Spec. Loan Guarant.	Disaster Assist. Guarant. *2
				350,000 600,000	200,000 600,000		200,000
Y 1 - 5 Y Max.25 Max.25	Y 1 - 5 Y Max.20 N/A	Y 1 - 3 Y Max.25 Max.25	Y 1-5,7 Y Max.15 Max.15	Y 1,5,10,15,20 N Max.29 Max.29	Y*3 1-30 N Max.30 Max.20	N bank Max.15 Max.15	Y 1-30 Y Max.30 N/A
Y	Y	Y	Y	Y	Y*5	Y	Y
Y Y*12 NLt. Y Y	Y N*9 NLt.	Y N NLt.	Y *9 NLt.	Y *10 NLt.	Y N NLt.	Y N NLt.	Y N NLt.
Y	Y	Y	Y	Y with penalty	Y	Y	Y
65-75	75	75	flex	flex	80 Dev. 100 Beg.	80	80

N - NO
Y - YES
N/A - NOT APPLICABLE
NLt.- NO LIMIT